

## **Statement from the Bay Area Recycled Water Coalition to the April 8, 2010 Water Conservation and Recycling Roundtable**

On behalf of the Bay Area Recycled Water Coalition, thank you for this opportunity to provide a statement to the Water Conservation and Recycling Roundtable.

### **Who We Are**

The Bay Area Recycled Water Coalition (BARWC) is a partnership of fourteen public agencies committed to developing recycled water as a long-term, sustainable solution for communities across the Bay Area. BARWC is committed to pursuing highly leveraged, locally-managed projects that will help ensure the security of water supplies in the Bay-Delta for years to come.

Bay Area wastewater agencies have long recognized the potential to develop recycled water supplies that would have direct benefits to the Bay-Delta by reducing the amount of water that needs to be withdrawn from the system and reducing the discharge of treated wastewater into the San Francisco Bay estuary. A Recycled Water Master Plan for the San Francisco Bay Area Regional Water Recycling Program (BARWRP) was completed in 1999. The U.S. Bureau of Reclamation (Reclamation) and the California Department of Water Resources joined with twenty other Bay Area agencies to study both the near-term and long-term water recycling opportunities in the Bay Area. That plan identified opportunities to use 125,000 acre-feet per year of recycled water by 2010 and 240,000 acre-feet per year by 2025, with State and Federal funding partnerships providing 50% cost share. Several of the projects from that plan are either in operation or are in the project development phase.

It is clear to the Bay Area agencies that having State and Federal partnerships is critical to moving these projects forward. For example, the Antioch Recycled Water Distribution Project is currently halfway through construction to supply four city parks and a golf course with almost 500 acre-feet of recycle water instead of water supplied from the Central Valley Project from the Delta. Because of the State and Federal grants that covered 50% of the capital costs of the project and the State Revolving Fund loan, the payback period for the City of Antioch for the 50% local cost share went from 44 years (out of an assumed 50 year economic life of the project) to less than one year. Without those types of incentives, the City simply could not afford the cost to convert its water supply to recycled water.

CALFED studies that were completed approximately five years ago identified a tremendous potential for recycled water development in the Bay Area. Of the approximate 1.2 million acre-feet that the Bay Area uses annually, over 600,000 acre-feet flow through households, commercial businesses and industry to wastewater treatment plants that all have the potential to develop treated recycled water that can be used for urban landscapes, industrial cooling and processing. More recently, the potential to use the water for indirect potable reuse is being studied in the South Bay. The CALFED Act passed into law in 2004 called on Reclamation to assess eighteen Bay Area projects to determine how close they were to being considered feasible using the Title XVI guidelines. Of those eighteen, seven were identified as being very close to feasible. Six of these projects have subsequently gone through a five-year process to secure Title XVI funds and are in, near or approaching the construction phase. Those projects will replace almost 10,000 acre-feet of potable water supplies with recycled water.

BARWC was formed in 2006 with six agencies electing to take on the daunting task of securing Federal funding through the over-subscribed Title XVI program. The agencies agreed to act as a region and approach Reclamation and Congress as one voice. Each project sponsor has signed an agreement that commits their support of any BARWC project that is able to receive a feasibility determination by Reclamation, complete NEPA, and secure the local cost share - - three daunting tasks in the development of a recycled water project. That support comes in the form of advocating for other projects at a local, State and Federal level, even when your project is not “shovel-ready”. The support comes in the form of cost contribution to belong to the Coalition as well as individual sponsor agency requests of their locally elected members of Congress to support the Bay Area recycled water requests, again even if the actual project being authorized or appropriated is not within the Congressperson’s District. This unprecedented approach has resulted in a significant number of dollars flowing to the Bay Area for recycled water projects in the past year. BARWC has secured \$37M in appropriations from a combination of fiscal year appropriations and stimulus funds, which will provide the Federal cost share to construct six new projects and continue to fund the previous congressional commitment for the San Jose project. Congressman Miller was a key leader in this effort on the House side, while Senator’s Feinstein and Boxer followed through on the Senate side. Another very key player in this equation was Mike Conner during his tenure as staff to the Senate Water and Energy Subcommittee, prior to his current job as Reclamation Commissioner. We thank him for his work.

But the story is not over, and is, in fact, just beginning. What started as a six agency coalition has now turned into a fourteen agency coalition. BARWC now has seventeen projects seeking Title XVI funding. The seventeen projects currently in BARWC will yield over 50,000 acre-feet per year of water in the near-term and have the potential to yield over 100,000 acre-feet per year in the future. This is roughly enough water to meet the needs of 150,000 households in the near term. Implementing these projects will result in reduced demand from Bay Area communities on scarce freshwater from the Bay-Delta.

#### Potential Projects within the next 3 years

There are nine new projects ready to begin construction between 2011 and 2012, with a total price tag estimated at \$213 million, that could produce an estimated 20,535 acre-feet of recycled water per year. There are projects in this mix that will serve landscape irrigation for schools, parks, medians, golf courses, as well as industrial and cooling water for power plants. One of the most recent projects that joined the Coalition is the Zone 7 Water Supply Replacement Project. This project would help to firm up water supplies by replacing five to seven thousand acre feet of water that currently can't be pumped from the State Water pumps because of fish restrictions. This project would draw water from existing diversion points in the western part of the Delta that would be more fish friendly and completely reliable. The reliability is created by the advanced treatment capability to reduce the total dissolved solids to a level that makes the brackish water potable. This very exciting project could potentially be up and running in less than three years with the funding from State and Federal governments. The project could demonstrate the potential to develop fish friendly and economic diversion points in the western part of the Delta that would relieve the central Delta of its water supply obligations, which are getting proving more difficult to meet.

#### **Opportunities for Improved Partnerships**

More than ever before, State and Federal funding opportunities are needed to develop new recycled water and brackish desalination projects. Stressors of drought, population, over-allocation, endangered species and environmental concerns all continue to intensify the current California water supply issues.

Developing new water supplies continue to be an ongoing challenge in this region because of the lack of water availability, fierce competition among water users, heightened review, and the claim from non-governmental organizations (NGO's) that there are water management options available with less environmental impacts. We strongly believe recycled water and brackish desalination that can secure State and Federal partnerships are two immediate solutions to addressing this issue. The source waters are available now, and there are projects ready that can provide much needed water if financial funding pathways become more readily accessible.

### **Challenges with the Current Title XVI Approach**

The political, earmark-driven approach for individual project authorization and appropriation is proving to be slow and cumbersome, delaying projects which are otherwise ready to begin construction. The individual authorization and appropriation process is a best case two to three year process for each project. In most cases, it will take longer, as evidenced by the piecemeal appropriations to San Jose over many years.

The BARWC currently has six projects with a total estimated cost of \$128 million, that could move forward, but are stalled waiting for the authorization process. An authorization bill (HR2442) was passed in the House last October, but is still pending in the Senate. Meanwhile, these projects are not eligible for funding that may be available through ARRA, FY11 appropriations, or USBR budgets because they have not received authorization. This leaves 8,000 acre-feet of water per year (the equivalent of providing water for 24,000 homes) untapped.

Once a project has made it through authorization and appropriation, the money is not available until the all of the Title XVI requirements have been checked off and a Cooperative Agreement has been executed. This, too, can be a long process, and there are opportunities to make this process more consistent and efficient, so that the level of effort is commensurate with the risk for a project with a 25% Federal share.

### **A New Approach**

A new approach is needed in order to provide more efficient funding pathways and to maximize new water opportunities in the Bay-Delta. A number of ideas continue to be discussed in an effort to find a more timely and resourceful solution.

The political, earmark-driven approach for individual project authorization and appropriation should be reexamined for Title XVI. This is a minimum two to three year process for each project. A program approach that is based on projects competing for discretionary funds, having met specific phased criteria (such as the process for approving Federal funds for mass transit) would be more efficient.

Another approach is to provide Federal funding directly to a State that has an established new water program. For example, California has established a statewide goal to create one million acre-feet per year of recycled water by 2020 and two million acre-feet per year by 2030<sup>1</sup>. Those aggressive goals and established funding programs should be investigated to determine if the Federal investment could result in

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<sup>1</sup> California State Water Resources Control Board, Recycled Water Policy, Approved May 14, 2009.

less cost to administer and provide water supply improvements towards Federal contracts and environmental obligations.

A broader or revised program approach to authorization and appropriation will necessarily result in a new program administration approach. The danger is creating a new approach that is more burdensome than the current program, or is a duplication of efforts already occurring at the State level. If not planned carefully, a new process could develop which creates an unnecessarily detailed, time-consuming project evaluation and ranking process with a level of effort for the agency and sponsor that outweighs the funding amounts or risks. The goal should be to create a more streamlined, defined and efficient processes which will help address the water supply issues in the Bay-Delta.

Regardless of the possible approaches addressed herein, a recommendation is made to convene a working group, consisting of representatives from the Federal agencies, State agencies, and stakeholders, to review the current situation with a view toward meaningful reform. This Water Conservation and Recycling Roundtable is an important first step in this process. BARWC would like to work with the agencies and stakeholders to determine a more efficient and timely process to move innovative recycled water and brackish desalination projects forward and attract other projects in the future that will contribute toward a healthy and sustainable Bay-Delta ecosystem.

**Contact:** Gary W. Darling, General Manager  
Delta Diablo Sanitation District  
2500 Pittsburg-Antioch Highway  
Antioch, CA 94509  
(925) 756-1900  
[GaryD@ddsd.org](mailto:GaryD@ddsd.org)